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ON PAGE A-6

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Iraq Oil Safe, Analysts Tell Legislators

By Roberta Hornig
Washington Star Staff Writer

The United States believes that Iraqi oil facilities, although frequently bombed by Iran, have suffered minimal damage and that Iraqi oil exports can resume shortly after the war ends.

"This is a very important development," said Sen. Henry M. Jackson, D-Wash., chairman of the Senate Energy committee, as he emerged from an hour-long briefing yesterday with the CIA and the state and energy departments.

Jackson said the intelligence experts reported that while some oil refineries suffered great damage from the bombings, oil supply systems did not.

"If the conflict comes to an end, damage to this state is not such that we can not get oil moving again within a relatively short time."

Jackson said the intelligence analysts said the most severe damage has been suffered by Iraqi refineries that process petroleum for internal consumption. Ports and pipelines that help move oil overseas have been less seriously damaged, he said.

But the analysts did indicate that the war could last longer than initially thought.

"I left (the briefing) with the impression that the hostilities can be prolonged," reported Sen. Ted Stevens, R-Alaska.

Jackson said that U.S. officials believe the world can weather the absence of 3 million barrels daily from Iraq until the end of the year.

Jackson said he believed that the only danger from losing Iraqi oil is to the price of oil. "And that is directly related to the length and duration of the cutoff of oil," Jackson said.

Iraq is the second-largest oil exporter of the Organization of Petroleum Exporting Countries.

About 2 million barrels daily were cut off shortly after the war broke out last week. Roughly 1 million barrels more daily was cut off this weekend after one of Iraq's pipelines, running through Turkey, was sabotaged. The government then shut down a second pipeline that traverses Syria.

A State Department spokesman said last night that because of the current world oil glut, there are enough stockpiles of oil to preclude any severe shortage, such as occurred when Iran's exports were cut off two years ago.

The spokesman said that two of the major buyers of Iraqi oil — Italy and France — shortly will begin using their stockpiles.

The third big Iraqi customer, Brazil, may have a more difficult time and would likely have to begin buying oil on the spot market if the Iraqi cutoff lasts much longer.

Meanwhile, a Department of Energy report shows that spot crude oil market remains calm and is showing no signs of panic buying. U.S. officials generally discount the oil lost from Iran on grounds that Iran — the second-largest supplier before its revolution — is no longer a major producer.

The U.S. buys no oil from Iran and only about 50,000 barrels daily from Iraq.